

Public Port Finance Survey – FYs 2004 & 2005

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U.S. Department of Transportation

**Maritime Administration
Office of Intermodal System Development**

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INTRODUCTION

This report is the result of a cooperative effort between the Maritime Administration (MARAD) and the American Association of Port Authorities (AAPA). It was prepared by MARAD, using financial information furnished by AAPA.

This is the only report of its kind in the port industry that covers U.S. and Canadian ports. It has been compiled for 27 years, first by AAPA or a member port and now, for the eighth year, by MARAD. The survey data were obtained by AAPA from its U.S. and Canadian corporate membership. The U.S. members, public port agencies, represent virtually all the major U.S. deep-draft coastal and Great Lakes ports. Public port agencies own approximately one-third of the U.S. deep-draft marine terminal facilities.

The report contains financial data on maritime activities at ports, including the income statement, balance sheet, outstanding bonds, debt service, sales offices, and cargo tonnage. Two additional sections cover data on ratio analyses and contributions, donations, and grants received in fiscal years 2004 and 2005.

It is important to note two characteristics about the data in this report – (1) they represent fiscal year (FY) data, and (2) ports have different fiscal years. (A fiscal year is defined as a 12-month period used to calculate annual financial reports. For example, a fiscal year ending June 30 extends from July 1 of one year to June 30 of the following year.) The table below shows the different fiscal years for the ports in this report.

Fiscal Year (12 months ending...)	Port
March 31	Duluth
April 30	South Louisiana
June 30	Massachusetts (Boston), Maryland (Baltimore), Wilmington (DE), Richmond (VA), Georgia, North Carolina, South Carolina, Virginia, New Orleans, Port Lavaca/Point Comfort, St. Bernard, Coos Bay, Los Angeles, San Diego, San Francisco
July 31	Port Arthur
September 30	Palm Beach, Port Everglades, Freeport, Orange (TX), Pascagoula, Tampa, Long Beach
December 31	New York/New Jersey, Corpus Christi, Houston, Greater Lafourche, Lake Charles, Indiana, Anchorage, Bellingham, Everett, Grays Harbor // St. John's (CAN), Thunder Bay (CAN)

A special appreciation is extended to FY 2004's 33 contributing ports (of which 31 were U.S. and 2 were Canadian) and FY 2005's 35 contributing ports (33 U.S. and 2 Canadian). FY 2004's response rate for U.S. ports was 36 percent – namely, 31 responded out of a total of 85 AAPA U.S. members. FY 2005's response rate for U.S. ports was 38 percent (33 responded out of 85 AAPA U.S. members). The response rate for the last report, FY 2003, was 61 percent.

To put this report's U.S. response rates in context, the 31 respondents in FY 2004 and the 33 respondents in FY 2005 represented –

- 15 out of the top 30 U.S. container ports in 2004,
- 14 out of the top 30 U.S. ports in 2004 handling foreign and domestic waterborne cargo,
- 17 out of the top 30 U.S. container ports in 2005, and
- 13 out of the top 30 U.S. ports in 2005 handling foreign and domestic waterborne cargo.

The report is available on the Maritime Administration's website (<http://www.marad.dot.gov/Publications/Public%20Port%20Finance%20Survey.htm>). For further information, contact the Maritime Administration; Office of Intermodal System Development; 1200 New Jersey Ave., SE (#W21-201, MAR-540); Washington, DC 20590; tel: 202-366-7678; fax: 202-366-6988; or email: ports.marad@dot.gov.

PUBLIC PORT FINANCE SURVEY FOR FY 2004

33 PARTICIPATING PORTS

NORTH & SOUTH ATLANTIC <ul style="list-style-type: none">▪ Massachusetts Port Authority (Boston)▪ Port Authority of NY & NJ▪ Port of Wilmington (DE)▪ Georgia Ports Authority▪ North Carolina State Ports Authority▪ Port of Palm Beach (FL)▪ Port Everglades (FL)▪ South Carolina State Ports Authority▪ Virginia Port Authority	GULF & GREAT LAKES (inc. Canada) <ul style="list-style-type: none">▪ Port of Corpus Christi Authority (TX)▪ Port of Freeport (TX)▪ Port of Houston (TX)▪ Greater Lafourche Port Commission (LA)▪ Lake Charles Harbor/Terminal District (LA)▪ Orange County Navigation Port District (TX)▪ Port of Pascagoula (MS)▪ Port of Port Arthur (TX)▪ Port Lavaca/Point Comfort (TX)▪ Port of South Louisiana (LA)▪ Tampa Port Authority (FL)▪ Seaway Port Authority of Duluth (MN)▪ Indiana Port Commission▪ St. John's Port Authority, NL (CAN)▪ Thunder bay Port Authority, Ont. (CAN)
NORTH & SOUTH PACIFIC <ul style="list-style-type: none">▪ Port of Anchorage (AK)▪ Port of Bellingham (WA)▪ Port of Coos Bay (OR)▪ Port of Everett (WA)▪ Port of Grays Harbor (WA)▪ Port of Long Beach (CA)▪ Port of Los Angeles (CA)▪ San Diego Unified Port District (CA)▪ Port of San Francisco (CA)	

PUBLIC PORT FINANCE SURVEY FOR FY 2005

35 PARTICIPATING PORTS

NORTH & SOUTH ATLANTIC <ul style="list-style-type: none">▪ Maryland Port Administration (Baltimore)▪ Massachusetts Port Authority (Boston)▪ Port Authority of NY & NJ▪ Port of Richmond (VA)▪ Port of Wilmington (DE)▪ Georgia Ports Authority▪ North Carolina State Ports Authority▪ Port of Palm Beach (FL)▪ Port Everglades (FL)▪ South Carolina State Ports Authority▪ Virginia Port Authority	GULF & GREAT LAKES (inc. Canada) <ul style="list-style-type: none">▪ Port of Freeport (TX)▪ Port of Houston (TX)▪ Greater Lafourche Port Commission (LA)▪ Lake Charles Harbor/Terminal District (LA)▪ Port of New Orleans (LA)▪ Orange County Navigation Port District (TX)▪ Port of Port Arthur (TX)▪ Port Lavaca/Point Comfort (TX)▪ Port of South Louisiana (LA)▪ St. Bernard Port/Harbor/Terminal District (LA)▪ Tampa Port Authority (FL)▪ Seaway Port Authority of Duluth (MN)▪ Indiana Port Commission▪ St. John's Port Authority, NL (CAN)▪ Thunder bay Port Authority, Ont. (CAN)
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Definitions of Terms

OPERATING STATUS

Ports can be categorized by their type of operation: non-operating, operating, and limited-operating ports.

<i>Non-Operating Ports</i> [NONOP]	Basically landlord ports with all port facilities generally leased or preferentially assigned with the lessee or assignee responsible for operating the facilities.
<i>Operating Ports</i> [OP]	Generally provide all port services except stevedoring with their own employees including, but not limited to, loading and unloading of rail cars and trucks and the operation of container terminals, grain elevators, and other bulk terminal operations.
<i>Limited-Operating Ports</i> [LTDOP]	Lease facilities to others, but continue to operate one or more facilities with port employees. These operated facilities may be specialized terminals, such as grain elevators, bulk terminals, container terminals, etc.

PORT TYPE: U.S. vs. Canadian.

U.S.	Canada
U.S. public ports generally fall into the following categories: Bi-State Authority; State Department, Agency, or Authority; County Department or Authority; Municipal Agency; or Special Purpose Port/Navigation District or Authority. The classification of the ports into these categories is based on their current ownership and status. For the purpose of this report, special purpose port/navigation districts and authorities are separate local government organizations that generally are granted separate taxing authority with some statutory limitations.	The Canadian port industry experienced significant changes in FYs 1998 and 1999 with the passage of the <i>Canada Marine Act</i> (Act). Changing the relationship of ports with the Crown, the Act now requires the designated Canada Port Authorities (CPA) to pay annual stipends to the federal government and payments in lieu of taxes to local governments, in addition to becoming subject to greater public scrutiny and accountability. Unlike many of their U.S. counterparts, CPAs neither have taxing authority unto themselves nor do they have access to any federal funding. They are financially self-sufficient entities governed by a Board of Directors comprised of nominees from port user groups and the three levels of government (Municipal, Provincial, and Federal). CPAs operate port facilities as agents of the Crown for core business activities and are independent of the Crown for non-core activities.

[Definitions continued on next page]

RATIOS USED IN REPORT

The ratios presented in this report are among the major categories of ratios used in financial statement analysis and measure operating performance, short-term liquidity, return on investment, capital structure, and asset utilization. Since there are no established benchmark industry standards, the ratios presented can best be interpreted by comparison with past ratios of the same port or comparison with other ports having the same characteristics of operation and financing.

Ratios which measure operating performance include operating ratio, operating margin, net income to operating revenue (gross sales), and operating income to operating revenue (gross sales). Although not formally adopted as a benchmark in MARAD's 1997 publication, *An Analysis of U.S. Public Port Profitability and Self-Sufficiency (1985-1994)*, it was found that "...it appears that a port could at the present time maintain a profitable status if it could maintain an operating ratio of 85%, provided the interest from its debt load and other expenses did not exceed its operating income plus interest income."

Short-term liquidity ratios include the current ratio and two measures of the quality and liquidity of accounts receivable – (1) the percentage of accounts receivable reserved as bad debts and (2) the collection period for accounts receivable.

Three ratios measure return on investment. They are return on total assets; return on net investment in plant, property, and equipment after depreciation; and return on investment in plant, property, and equipment before depreciation.

Asset utilization is measured by the relationship of operating income to the net investment in plant, property, and equipment.

Capital structure is measured by the relationship of long-term debt to total equity.

FY 2004 PUBLIC PORT FINANCE SURVEY

FY 2005 PUBLIC PORT FINANCE SURVEY

APPENDIX

FY 2005 AAPA Port Finance Survey Questionnaire